Members

Present:
Bert Landau, Jesus Manzanedo, Marie Nemerguth Tracy Nuckolls, Scott Stewart, Nathanael Tarwasokono, Clarence Vatne, and David Bea (ex officio)

Absent:
Sylvia Lee and Bill Schirmer

Guests:
Lori Cox, Diane Groover, Tom Harrington, Ina Lancaster, and Lee Morgan, RBC

General Matters

Call to Order
Mr. Tarwasokono called the meeting to order at 9:00 a.m.

Action Items

Approval of Minutes for Committee Meeting, July 1, 2014
Motion No. 2014-01

Jesus Manzanedo motioned and Bert Landau seconded, to approve the minutes for the July 1, 2014 meeting.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.
Motion CARRIED

Approval of Minutes for Committee Training, August 29, 2014
Motion No. 2014-02

Jesus Manzanedo motioned and Bert Landau seconded, to approve the minutes for the August 29, 2014 training.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.
Motion CARRIED

Committee Vacancy
Motion No. 2014-03

Clarence Vatne motioned and Marie Nemerguth seconded, to approve the recruitment to fill one open seat, created by Suzanne Roelike’s resignation from the Committee on August 26, 2014.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.
Motion CARRIED

(Continued)
Reports

Committee Chair Comments
Nathanael Tarwasokno stated that Committee members had a good discussion with the Higher Learning Commission (HLC) on September 15. Marie Nemerguth requested a copy of Chancellor Lambert’s email regarding the Higher Learning Commission site evaluation visit be sent to committee members.

CFO Executive Summary Updates

Preliminary Fiscal Year 2014-15 results through July 2014
Dr. David Bea provided a brief discussion of the financial statements that are presented to the Board of Governors for the period ending August 2014. He informed the committee that the financial statements are also now posted on the Board of Governor’s Finance and Audit Committee website.

Dr. Bea made specific notes during his discussion:
- Revenue continues to be lower due to enrollment decline.
- Enrollment decline may be contributed to: local economy, changes in developmental education, or probation status. PCC has no definitive answers for the decline as yet, but they have begun detailed research into enrollment history, including summer enrollment and enrollment by discipline.
- Chancellor Lambert has a strategic committee working on enrollment management, including positive marketing strategies to the community.
- PCC is adding Outreach Coordinators who are working with K-12, Charter Schools, etc.
- PCC is connecting with community through community groups, inter faith council, and is finding ways to target individuals who have been out of school for year. Other approaches include: radio ads, television ads, Career Focus sent to homes three times a year, which highlights programs.

Mr. Tarwasokono requested that future financial reports presented to the Committee include budget comparison data for the Balance Sheet and Income Statement Revenues in addition to the current presentation of budget-to-actual expenditure comparisons. Ina Lancaster, Director of Budget and Reporting, will bring a draft report of minimum projected and maximum projected revenue to the November Committee meeting for review.

Fiscal Year 2016 Budget Outlook
Dr. Bea spoke about the fiscal year 2016 budget outlook, stating that the State did not realize its 2014 growth goals resulting in light revenues, which impacts 2015 and a court judgment that mandated the State to pay the K-12 school districts a settlement. The preliminary liability is projected at approximately $300 million but could increase to $500-$800 million. This information has been communicated to the College community and now Governance Council.

Numbers! Newsletter
Dr. Bea shared the first one page finance newsletter that contains high level finance and budget related items. The newsletters were sent to all staff and faculty members.
Higher Learning Commission (HLC) Site Visit Update
Dr. Bea spoke about the meeting he and his Finance administrative team had with the Higher Learning Commission (HLC) representatives during their PCC site visit September 15-17, 2014.

Noted meeting discussion topics included:
- Impact from negative press
- Resource allocations to meet the institutions needs
- Contracts and sole source purchases
- HLC acknowledgment of PCC’s work in a short time period.
- Some recent changes are too new to show evidence of success.

Dr. Bea stated that the HLC team has approximately four weeks to submit a report from their site visit back to PCC. PCC will then have two weeks to respond with fact-only corrections. In December, the Chancellor, along with certain members of the leadership team, will meet with HLC representatives in Chicago. The HLC will make a decision during their annual meeting in February 2015.

Recess
The Committee took a recess 9:55-10:05.

Agenda modification
A request to move the Investment Report up in the agenda was approved.

Investment Report results through August, 2014
Lee Morgan, Vice President with RBC Global Asset Management, presented an overview of the College’s investment portfolio and discussed how the investment assets align with the College’s investment policy.

Mr. Morgan confirmed that his investment reports can be customized with specific information based on Committee requests. He also confirmed that RBC is authorized to make investments on behalf of PCC within Arizona Revised Statues and PCC investment guideline policy. Mr. Morgan stated that PCC has conservative investment guidelines; AZ Revised Statues requires A ratings, but PCC requires AA or better.

Dr. Bea confirmed that the Investment Policy is not a Board Policy. If it were to become a Board Policy, considerations would need to be made allowing RBC to continue making and taking actions on behalf of PCC.

A request was made to bring a copy of the Investment Policy to a future meeting for the Committee’s review.

Dr. Bea confirmed that RBC was selected (out of three submitting firms) following a competitive process. RBC has a five year contract with a 30 day notice of termination if PCC does not wish to continue service with RBC.

Internal Auditor’s Office Update, Lori Cox

Updates include:
- Hired one full time staff member for Office of Dispute Resolution
- Recruiting for support person (Internal Auditor and Office of Dispute Resolution)
- Recruiting for senior auditor
- HR was not selected for internal audit in FY14/15 Plan; through an RFP process, a consultant will be hired to review the HR processes and structure.

(Continued)
• FY14/15 Audit Plan includes
  o Governance Special Project
  o Federal Compliance Audits
  o Grants Administration and Compliance Audits
  o Disaster Recover/Business Continuity Plan Coordination

• Special follow-up reviews added to the audit plan
  o Veteran’s compliance
  o Title IV program
  o Aviation controls
  o Contracts and procurement

Purchasing/Contracting Procedures overview
Tom Harrington, PCC Purchasing Director, presented an overview of the College’s bid and non-competitive purchasing procedures.

Mr. Harrington stated that PCC’s purchasing thresholds are currently lower than other community colleges. PCC requires written quotes for purchases over $5,000 to $30,000, and requires bids for purchases above $30,000, unless a Noncompetitive Purchase Request (NPR) is submitted with justification for not bidding. Awarding bids $100,000 or above go to the Board for approval.

Quarterly the purchasing department prepares a Top 40 Vendor Report then reviews their vendor files to verify that all documentation is complete.

Mr. Harrington confirmed that the Top 40 Vendor Report had been shared with PCC Board members during training meetings.

Marie Nemerguth requested that “future agenda items” be listed on future meeting agendas. She would like the topic to be the last item before adjournment. During that discussion, staff can provide a list of potential future topics with or without meeting dates and committee members can request that specific items be on future agendas.

The Committee agreed to accept the reports presented by David Bea, Lee Morgan, Lori Cox, and Tom Harrington.

Adjournment
Clarence Vatne motioned and Bert Landau seconded, to adjourn the meeting at 11:05 a.m.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.

Next Meeting:
Friday, November 21, 2014 at 9:00 a.m.

Possible Agenda Topics:
Finance/Investments - Monthly reports
Finance policy review
Health Plan Self-Insurance
Public Information/Transparency Enhancement

Crystal Wheeler
Minute Taker
November 21, 2014
Date Minutes Approved by Committee